



**Fiscal Services Division**  
P.O. Box 942703  
Sacramento, CA 94229-2703  
TTY: For Speech & Hearing Impaired - (916) 795-3240  
(916) 795-7756 FAX (916) 795-7900

February 15, 2011

## **AGENDA ITEM 5c**

**TO: MEMBERS OF THE FINANCE COMMITTEE**

- I. SUBJECT:** Fiscal Year (FY) 2010-11 Second Quarter Delinquency Report
- II. PROGRAM(S):** Systemwide
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

An enhanced system to track long-term receivables is currently being built as part of the Financial System Integration into the Pension System Resumption Project. To ensure adequate tracking of delinquencies is performed, staff have developed an interim process which coordinates the tracking of all delinquencies from the CalPERS program areas. Delinquencies are defined as those receivables which are past due over 30 days from the date at which the originating program identifies them as due.

This agenda item represents the FY 2010-11 Second Quarter Delinquency Report.

## **V. HIGHLIGHTS**

CalPERS has now established procedures to improve accountability, identify issues which require escalation, produce detailed reports, and taken a proactive approach to addressing delinquencies.

The chart on the following page provides a detailed summary of delinquencies identified by programs and the age of the delinquency for the second quarter of FY 2010-11.

Delinquencies are categorized into four main areas: Health, Employer, Member, and Other. The age of delinquency categories are consistent with industry best practices.

FY 2010-11 Second Quarter Delinquencies					
Age of Delinquency	Health <sup>1</sup>	Employer <sup>2</sup>	Member <sup>3</sup>	Other <sup>4</sup>	Totals
31-60 Days	\$55,968	\$260,969	\$24,549	\$0	\$341,486
61-90 Days	51,822	97,527	8,064	35	157,448
91-120 Days	13,672	31,326	36,610	5,055	86,663
121 Days-1 Year	54,738	292,898	381,880	11,621	741,137
1-3 Years	79,214	64,138	214,788	10,599	368,739
3-5 Years	14,873	6,231	484	0	21,588
> 5 Years	10,614	889	8,045	8,932	28,480
Totals	\$280,901	\$753,978	\$674,420	\$36,242	\$1,745,541

#### Divisions Responsible for Collection:

- 1- Fiscal Service Division, Health Benefits Branch, Members Service Division
- 2- Fiscal Service Division, Members Service Division
- 3- Fiscal Service Division, Members Service Division
- 4- Fiscal Service Division

Below is a brief summary outlining significant attributes related to the Second Quarter Delinquency Report for FY 2010-11.

- Outstanding delinquencies have decreased by approximately \$66,527 or 3.67 percent since the last quarterly report.
- Delinquent Health receivables total \$280,901 or about 16.09 percent of the total delinquencies being reported and have been reduced by 2.13 percent since the last quarterly report.
- Delinquent Employer receivables total \$753,978 or about 43.19 percent of the total delinquencies being reported and have been reduced by 12.95 percent since the last quarterly report.
- Delinquent Member receivables total \$674,420 or about 38.64 percent of the total delinquencies being reported and have increased by 8.40 percent since the last quarterly report.
- Delinquent Other receivables total \$36,242 or about 2.08 percent of the total delinquencies being reported and have been reduced by 1.38 percent since the last quarterly report.

At the request of the Board, the chart below has been prepared to provide a comparison between the delinquency totals from this quarter with those provided in the previous report.

	Comparison of Delinquencies by Quarter				
	Health	Employer	Member	Other	Totals
FY 2010-11 First Quarter	\$287,009	\$866,161	\$622,148	\$36,750	\$1,812,068
FY 2010-11 Second Quarter	\$280,901	\$753,978	\$674,420	\$36,242	\$1,745,541
Change (\$)	(\$6,108)	(\$112,183)	\$52,272	(\$508)	(\$66,527)
Change (%)	(2.13%)	(12.95%)	8.40%	(1.38%)	(3.67%)

( ) denotes a negative value

It is important to note that CalPERS collects approximately \$985 million in receivables monthly. The current outstanding delinquencies represent less than 0.2 percent of the monthly collections.

**VI. STRATEGIC PLAN:**

This item is not a specific product of the Strategic or Annual Plans but is part of Fiscal Services Division's Accounting Action Plan's overall effort to improve financial integrity.

**VII. RESULTS/COSTS:**

Not Applicable.

---

DAVE G. CORNEJO, Interim Chief  
Fiscal Services Division

---

RUSSELL G. FONG  
Interim Assistant Executive Officer  
Administrative Services Branch